



IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF PENNSYLVANIA

MERCY HEALTH SYSTEM OF  
SOUTHEASTERN PENNSYLVANIA,

Plaintiff,

-vs-

CSI FINANCIAL, INC.,

Defendant.

FIRST NATIONAL BANK OF MONTANA,  
INC. and CSI FINANCIAL, INC.,

Plaintiffs,

-vs-

MERCY HEALTH SYSTEM OF  
SOUTHEASTERN PENNSYLVANIA,

Defendant.

No. 01-CV-5681

CIVIL ACTION  
Consolidated

COPY

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VIDEOTAPED DEPOSITION OF PETER PARSONS

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Heard at Lesofski & Walstad Court Reporting  
21 North Last Chance Gulch, Suite 201  
Helena, Montana  
July 13, 2004  
10:58 a.m.

LAURIE CRUTCHER, RPR  
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**Q. Who responded?**

A. Hospitals that responded -- When I say phenomenal response, I had a lot of interest initially. Then I actually started to make contacts, the sales, businesses, about relationships. I actually got through to the decision makers. And Mercy Health System was one; Green County. I can't think of the name of the hospital. County medical center? Waynesburg was another that we had as a client.

Some other -- Lots of hospitals that were interested and visited with me that did not become clients. I had a week's worth of meetings, which is to say about ten meetings with different hospitals. I couldn't tell you who they all were because not all of them became clients.

**Q. Which ones did become clients?**

A. The two that I mentioned.

**Q. Did CSI ever have a client by the name of Wayne County Hospital, that you recall?**

A. No.

**Q. That's not a client you would have brought in?**

A. No.

**Q. So from the time you started at CSI**

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**Q. And do you recall who you initially tried to contact at Mercy?**

A. I believe my initial contact was Doug Smith. I don't recall talking to anybody before Doug. I may have spoken with his secretary or assistant a few times, but Doug and I connected almost right off the bat.

**Q. And so do you recall sending any solicitation letters to Mercy?**

A. I believe -- Can you rephrase the question? I'm sorry.

**Q. You mentioned sometimes you would send a letter initially, sometimes you would make a call. Do you recall with respect to Mercy whether you made a cold call to them or you sent the letter first?**

A. That's what I thought you meant. Initially, I believe I sent a letter out, and then followed up with phone calls, "Did you get my letter? Is it something you're interested in?," etc., etc.

**Q. Do you have a recollection of how soon after you sent a letter that Mercy expressed some interest?**

A. It was almost immediate. An immediate

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**until the bankruptcy, were these the only two clients from Pennsylvania?**

A. No.

**Q. Who else joined?**

A. Warren General Hospital.

**Q. That was probably the name I was thinking of.**

A. Could be.

**Q. Was that a client that you brought in?**

A. Yes, it was.

**Q. Anybody else?**

A. Bob was with me on the initial visit, Bob Jaeb.

**Q. At Warren?**

A. At Warren General Hospital. And after that initial visit, that was my client, and it took them over a year from that initial visit to become a client.

**Q. Anybody else from Pennsylvania?**

A. That's all I can recall.

**Q. Let's talk about Mercy. That's why we're here. So Mercy was not specifically targeted by you, but just part of your mass --**

A. It was blanket mailing and blanket phone call marketing campaign.

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time frame in that business was within a couple of weeks. I didn't spend more than a couple of weeks calling to generate appointments. If the interest wasn't there, there wasn't a point in going to visit with them.

**Q. So Mercy expressed some interest to you?**

A. Yes.

**Q. How was that interest expressed to you? Did you get a written response back, or did Doug give you a call?**

A. I believe Doug called back, and either he missed me the first time I called -- Anyway we connected on the phone first, and we talked on the phone. I explained the product in more detail. My marketing letter was something that was sent out to get interest, but it didn't explain the program exhaustively. The goal, of course, was to get the hospital to call back, to express interest, start to build a relationship, and then finish up with an onsite visit or two to go through the program in more detail.

**Q. What did you explain to Doug about the program?**

A. That we were interested in purchasing his self-pay accounts -- self-pay being accounts

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1 where the patient is responsible for a portion of  
2 the total bill, leaves them with a balance -- that  
3 that's the business we were in, and we would like  
4 to work with Mercy, and see if they were  
5 interested in doing that.

6 **Q. Did you explain to him in any detail how**  
7 **the process would actually work?**

8 A. I'm sure I ran through the electronic  
9 scoring, that it didn't require a lot of people to  
10 actually process the accounts. I think that was  
11 one of our big selling points, and what gave us a  
12 unique aspect in the market.

13 **Q. Do you mean generally or to Mercy?**

14 A. I'm sure I explained it to Mercy. I  
15 couldn't -- Let me rephrase that. I would have  
16 gone through a standard pitch, of which I'd be  
17 glad to take you through one. Is it exactly what  
18 I told Mercy? I'm not sure.

19 **Q. I'm sorry. My question was a little**  
20 **different. You mentioned that the electronic**  
21 **scoring process was your major selling point. My**  
22 **question was: Was it a major selling for -- Do**  
23 **you know if it was something Mercy found as your**  
24 **major selling point, or something you considered**  
25 **to be a major selling point?**

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1 MR. EGAN: Objection.

2 **Q. (By Ms. Scrivani) You can answer.**

3 A. Mercy was interested in the electronic  
4 scoring. They were interested in the whole  
5 program. They expressed enough interest to  
6 actually -- for us, CSI, to decide it was worth an  
7 onsite visit.

8 **Q. What type of information is included in**  
9 **your standard pitch?**

10 A. The standard pitch goes to the fact that  
11 it didn't require a lot of manpower; it was  
12 electronic; it was instantaneous; we would provide  
13 money to the hospital to purchase the accounts;  
14 and that we would take over the duties of  
15 collecting the accounts from the patient.

16 **Q. Let's take those one at time. When you**  
17 **say it required no manpower, you mean on behalf**  
18 **the hospital or -- and I'm talking generally, not**  
19 **Mercy -- on behalf of the hospital, or on behalf**  
20 **of CSI, or both?**

21 MR. EGAN: Objection.

22 A. The fact that it would -- both, the  
23 answer is both. Let me rephrase that and change  
24 that to: Reduced manpower. It still took people  
25 to operate the machinery. The idea was to make it

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1 a simpler, more streamlined process.

2 **Q. (By Ms. Scrivani) Why would it reduce**  
3 **manpower?**

4 A. Leaving more decisions to the computer,  
5 electronic and processing.

6 **Q. And was that at the front end when new**  
7 **accounts were initially going out, or the whole**  
8 **process was supposed to reduce manpower?**

9 A. The whole process. We had automated  
10 steps, sending statements to patients and things  
11 like that.

12 **Q. And then when you say it was electronic,**  
13 **what do you mean by that?**

14 A. The files were transmitted  
15 electronically. Somebody didn't have to fax it  
16 over a fax machine, feed it through.

17 **Q. Was that the case for the whole process?**

18 MR. EGAN: Objection.

19 A. Can you rephrase that for me?

20 **Q. (By Ms. Scrivani) Was it your**  
21 **understanding at the time when you were giving**  
22 **this standard pitch that the entire process from**  
23 **start to finish, the transfer of all files, was**  
24 **electronic?**

25 MR. EGAN: Objection.

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1 A. No.

2 **Q. (By Ms. Scrivani) What was and what**  
3 **wasn't electronic?**

4 A. What was electronic was what could be  
5 handled electronically, both at the hospital's and  
6 at CSI's end, and what was left we would do  
7 manually.

8 **Q. Do you know what could be handled**  
9 **electronically at that time?**

10 A. It depended on so many variables, such  
11 as the hospital's information system, and how our  
12 computers talked to each other. It varied by  
13 client to client.

14 **Q. On then you said it was instantaneous,**  
15 **what do you mean by that?**

16 A. They would transit the file, we would  
17 receive it -- instantaneous is probably not an  
18 accurate description. It was quicker than having  
19 somebody go through each line of a paper file or  
20 each account individually. In other words, we  
21 tried to lump them together.

22 **Q. Lump what together?**

23 A. The files as they came across. Each  
24 patient has their own file of all kinds of  
25 different information.

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1 **Q. What are you lumping together? I don't**  
2 **understand.**

3 A. I'll rephrase that then. When a patient  
4 has an account at a hospital, there's certain  
5 information that goes with that account: Date of  
6 service, patient's name, who they are, where they  
7 live, what their balance is. That's what we would  
8 try and lump together to make the decision  
9 automated, or leave it up to the computer. So  
10 somebody did not have to look at each individual  
11 account.

12 **Q. How did that information -- date of**  
13 **service, name, balance -- go into the decision**  
14 **whether or not to accept an account?**

15 A. All those had to be part of the file in  
16 order for us to purchase the account. If that  
17 information wasn't present, we couldn't collect it  
18 once we did purchase it. So if that information  
19 wasn't there, there was no point in scoring it.

20 **Q. Did somebody or a computer determine if**  
21 **all of that information was present before scoring**  
22 **it?**

23 A. I don't know.

24 **Q. Who would know that?**

25 A. Rob Logsdon would be the person who did

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1 that part of the job.

2 **Q. And when you say "money to the hospitals**  
3 **to purchase," what do you mean by that?**

4 A. Well, the idea of the program was to  
5 actually -- for CSI Financial to purchase hospital  
6 patient accounts from the hospital at a reduced  
7 amount of face value, and then collect on those  
8 accounts from the patient.

9 **Q. So when did the hospital get their**  
10 **money?**

11 A. Well, within three days was what we  
12 tried to do, keep as a standard. That was our  
13 benchmark.

14 **Q. Three days of what?**

15 A. Of the initial file scoring.

16 **Q. Who performed the scoring?**

17 A. That was Rob's job.

18 **Q. So CSI?**

19 A. Oh, CSI Financial, yes.

20 **Q. Was there a threshold score that was**  
21 **necessary?**

22 A. Yes.

23 **Q. What was that?**

24 A. It varied. Rob would be the one to  
25 answer that.

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1 **Q. What was the reason for having a**  
2 **threshold?**

3 A. To determine our collectability of the  
4 account, what our chances were to resolve the  
5 account successfully, and to prevent the account  
6 from going back to the hospital if we could.

7 **Q. How would scoring them prevent the**  
8 **account from going back?**

9 A. The beacon score is a credit score, so  
10 it lets us know within a reasonable measure if  
11 that patient is destitute, or can afford to pay an  
12 initial bill, or has been paying bills in the  
13 past.

14 **Q. Do you know what the range of beacon**  
15 **scores is?**

16 A. I don't.

17 **Q. Then what was your understanding -- Let**  
18 **me back up. Did you, as part of your standard**  
19 **pitch, did you inform hospitals about what would**  
20 **happen to an account once it had been purchased by**  
21 **CSI?**

22 A. Yes.

23 **Q. What did those discussions include?**

24 A. We would tell the client, that we  
25 purchased the account from, that CSI would make

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1 every reasonable attempt to collect the account  
2 through personal telephone calls, letters,  
3 collection letters, past due letters; and if we  
4 were unable to collect the account, the hospital  
5 was required to purchase the account back.

6 **Q. Was there any policy or procedure at CSI**  
7 **for the number of calls that were to be made on an**  
8 **account?**

9 A. Yes.

10 **Q. Do you know what that was?**

11 A. I do not.

12 **Q. Who would know that?**

13 A. Cindy Dorr.

14 **Q. How about with respect to the number of**  
15 **past due notices?**

16 A. Probably Cindy and Rob, one or the  
17 other.

18 **Q. How about the number of letters?**

19 A. Same thing. Same answer. Cindy or Rob.

20 **Q. So did clients ever ask you about that**  
21 **when you were pitching that?**

22 A. Yes, they did.

23 **Q. Did you have an answer for them?**

24 A. I would give them a general formula. I  
25 would say basically what I just told you. We



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1 would send letters, make telephone calls, attempt  
2 to collect the debts, and past due notices if they  
3 were past due, and at a certain point in time,  
4 send the account back as uncollectible.

5 **Q. So you couldn't tell them how many**  
6 **calls, or how many letters?**

7 A. No.

8 **Q. Getting back to Mercy, what do you**  
9 **recall about your first conversation with Doug?**

10 A. I met him in his office. I believe it  
11 was just him and I.

12 **Q. Let me back up. I think you said your**  
13 **first conversation took place over the phone. So**  
14 **let's start with the phone.**

15 A. I'm sorry. You're correct. Phone call.  
16 Doug expressed interest in the program, wanted  
17 more information. I couldn't tell you how the  
18 conversation went. It ended up with us making an  
19 appointment for a personal visit.

20 **Q. That's all you can remember?**

21 A. Yes.

22 **Q. Do you remember Doug asking you any**  
23 **questions?**

24 A. No.

25 **Q. Did he ask you to provide any written**

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1 **information, or was he just looking for a meeting?**

2 A. He may have. I'm not sure. The answer  
3 to that question is I don't remember.

4 **Q. Do you recall how soon after this phone**  
5 **call you had your meeting?**

6 A. I couldn't tell you exactly.

7 **Q. You did have a meeting?**

8 A. I did have a meeting. I do remember  
9 that.

10 **Q. If I could ask you, please, in this**  
11 **binder that's in front of you, to turn to the**  
12 **exhibit marked as 50.**

13 A. (Complies).

14 **Q. I'm going to ask you to -- and this is**  
15 **an exhibit with a number of pages -- please flip**  
16 **through that, take as much time as you like to**  
17 **look at it, and let me know when you're finished.**

18 A. (Complies) Okay.

19 MS. SCRIVANI: For the record, Exhibit  
20 50 is a document -- the first page is entitled  
21 "Contact Sheet," and the entire exhibit is Bates  
22 stamped CSI 3759, 3760, 3761, 3762, 3763 -- for  
23 whatever reason 3764 is not included in the  
24 production -- 3765, 3766, and 3768. 3767 is also  
25 not part of this packet.

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1 **Q. (By Ms. Scrivani) Do you recognize this**  
2 **document?**

3 A. Yes, I do.

4 **Q. What is it?**

5 A. This is a file that I would keep when I  
6 made a contact with a hospital, to let me know  
7 what had been done and what needed to be done.

8 **Q. Having looked through this document, is**  
9 **all of the handwriting that appears in Exhibit 50**  
10 **your handwriting?**

11 A. I believe it is.

12 **Q. Does this document -- Tell me what types**  
13 **of information you would include in this document.**  
14 **Is it every time you have a contact with Mercy,**  
15 **or --**

16 A. Sure. That's what it would start out  
17 as. And you can see, I mailed a letter initially  
18 to Jim Scheiff, I believe. So that's the name and  
19 address I had when I mailed the letter. And when  
20 I opened the file, that would have been the first  
21 entry that I put on there, that I had actually  
22 sent a letter, that I would know to follow up  
23 later at an appropriate time, based on how long it  
24 took them to do that.

25 It looks like from notes here, Doug

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1 Smith called me back twice, and I never tried to  
2 contact him until he called me; returned his call.  
3 He was interested in the program, wanted some more  
4 info, etc., etc.

5 **Q. Looking at the 9/1 entry, you mentioned,**  
6 **"Doug Smith called me two times. Questioned**  
7 **patient notification;" is that what that --**

8 A. Yes, that's what it says.

9 **Q. Do you recall what that was about, what**  
10 **his questions were?**

11 A. No.

12 **Q. How about the next? Is that "required**  
13 **work"?**

14 A. Reduced workload.

15 **Q. Do you recall what he asked you about**  
16 **that?**

17 A. No, I can't give you specifics on what  
18 those questions were. This is three and a half,  
19 four years ago, we're talking.

20 **Q. So looking at this document does not**  
21 **refresh your recollection about that conversation?**

22 A. No.

23 **Q. Was this contact sheet -- Did you keep a**  
24 **contact sheet like this for every new hospital you**  
25 **were soliciting?**

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1 A. Yes.

2 **Q. Was there anybody else at CSI that**  
3 **worked with you on trying to obtain Mercy as a**  
4 **client?**

5 A. No.

6 **Q. Does looking at this document -- Let me**  
7 **back up. Do you recall when you went to**  
8 **Pennsylvania to meet with Doug?**

9 A. No, and I didn't see actually the date  
10 here on the form of when the actual meeting was.  
11 Unless somebody could point it out to me, I don't  
12 see it.

13 I definitely had a meeting, because it  
14 says "meeting," and it's underlined twice. There  
15 you go. At the bottom, September Tuesday 28th,  
16 4:00 p.m. I would guess -- I don't know for sure  
17 -- that would be the date of our first meeting.

18 **Q. But you don't have a recollection?**

19 A. I don't, no.

20 **Q. The note you have there right above**  
21 **where you read, is that "Doug"?**

22 A. Doug.

23 **Q. Looked?**

24 A. "Looked at three hospitals."

25 **Q. And then the \$8 million to \$9 million.**

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1 **Do you know what that \$8 million to \$9 million**  
2 **represents?**

3 A. I could take a guess, that that was  
4 their initial self-pay file.

5 **Q. And that was something Doug told you?**

6 A. That would have been. I wouldn't have  
7 known that unless he did tell me.

8 **Q. If you would flip to the document that**  
9 **has been -- Well, we'll get to that in a minute.**

10 **Where did your meeting with Doug, the**  
11 **first meeting you had with Doug in Pennsylvania,**  
12 **take place?**

13 A. That was at the Health System  
14 headquarters. I couldn't tell you the exact  
15 address anymore unless it's written on here  
16 somewhere.

17 **Q. In Conshohocken?**

18 A. In Conshohocken, One West Elm Street.

19 **Q. Do you recall who you met with?**

20 A. I met with Doug Smith, and at either  
21 that meeting or a different time I met with other  
22 people. I couldn't tell you which meeting it was.  
23 No, I can't. I can't tell you who all was there.  
24 I just know I met with Doug the first time.

25 **Q. Do you recall what was discussed at the**

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1 **meeting?**

2 A. We could have discussed self-pay. I'm  
3 making generalities here. My apologies. I don't  
4 recall exactly what was discussed.

5 **Q. Do you have any recollection at all of**  
6 **any topics discussed?**

7 A. No, no specific recollection.

8 **Q. Do you have a recollection of any**  
9 **questions that were asked of you by Doug or anyone**  
10 **else at Mercy?**

11 A. I do not.

12 **Q. Do you recall if you discussed the**  
13 **selection of account process?**

14 A. I don't recall it specifically. I'm  
15 sure we did, though. That's part of the meeting  
16 process.

17 **Q. Did you take any notes at that meeting?**

18 A. Pardon me for a second. (Examines  
19 document) No, I don't believe I did.

20 **Q. Do you know if anybody else at the**  
21 **meeting took notes?**

22 A. I don't.

23 **Q. Do you recall if at that meeting you**  
24 **provided Mercy with any marketing materials?**

25 A. Not specifically, but I'm sure I left

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1 something with them. That's part of marketing.

2 You always want to leave them some information to  
3 help make their decision. So I'm sure I did.

4 **Q. Do you recall if at that meeting you**  
5 **left Mercy a copy of the contract?**

6 A. I don't recall if I did that or not.

7 **Q. Did anybody else from CSI go with you to**  
8 **the meeting?**

9 A. Not this meeting.

10 **Q. Did you have a second meeting with Doug**  
11 **at some point?**

12 A. I would need to look through here to  
13 see.

14 **Q. I'm just asking if you remember.**

15 A. Yes, I did. I did have a meeting with  
16 Doug. I had, I believe, three meetings with Doug  
17 total.

18 **Q. Did those take place, other than the**  
19 **first -- Does that include the first meeting we**  
20 **just talked about?**

21 A. Yes. Those would be the meetings at his  
22 site, and also Doug -- as I'm sure you're aware --  
23 came out to CSI.

24 **Q. Do you have a recollection of having**  
25 **three meetings with Doug at Mercy's location?**

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1 A. The bank set the criteria that Rob  
2 Logsdon would have to accept an account or reject  
3 an account.  
4 **Q. Do you know on whose system the**  
5 **acceptance actually took place, at the bank or at**  
6 **CSI?**  
7 A. You would need to ask Rob Logsdon that.  
8 **Q. Moving on to the second sentence there,**  
9 **"You choose which accounts to place on the program**  
10 **and at what time;" what do you mean by "at what**  
11 **time"?**  
12 A. The hospital would decide when to send  
13 the account, at the age of the account.  
14 **Q. And CSI didn't have any particular**  
15 **criteria for that?**  
16 A. We knew certain accounts would perform  
17 better than others, but it was ultimately up to  
18 the hospital which accounts they sent to us for  
19 scoring.  
20 **Q. What accounts would perform better than**  
21 **others?**  
22 A. More recent accounts would do well.  
23 **Q. Why is that?**  
24 A. They're newer. They're fresh in the  
25 people's minds. They had a visit to the hospital.

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1 Older accounts, "I never went to the hospital.  
2 What do you mean?"  
3 **Q. But CSI didn't reject older accounts?**  
4 A. It was biased on the criteria set up  
5 within the system.  
6 **Q. What was that criteria?**  
7 A. You would need to ask Rob Logsdon.  
8 **Q. Did you ever get a question from a**  
9 **client generally, or Mercy specifically, about**  
10 **what that criteria was?**  
11 A. General questions I would be able to  
12 answer, and just speak in generalities. And I'm  
13 sure I got questions from all kinds of clients on  
14 what that criteria was.  
15 **Q. Do you recall what you answered?**  
16 A. I would tell them that it was based on a  
17 criteria set by the bank. It was basically a  
18 certain credit score within a range of credit  
19 scores that we were looking for, that we knew had  
20 a good chance of performing well.  
21 **Q. Do you know if the age of the account**  
22 **was one of those criteria?**  
23 A. I don't know.  
24 **Q. Is that something you think you should**  
25 **know if you were indicating to clients that they**

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1 **decided what time they could put an account in the**  
2 **program?**  
3 MR. EGAN: Objection.  
4 MR. BRUBAKER: Objection.  
5 A. I don't know. It says right there that  
6 it was up to the client on what time they would  
7 decide to place that, so it was their --  
8 **Q. (By Ms. Scrivani) So would you expect**  
9 **then that an account wouldn't be rejected based on**  
10 **age, based on your representation in the letter?**  
11 MR. EGAN: Objection.  
12 A. Again, I don't know.  
13 **Q. (By Ms. Scrivani) If you would turn now**  
14 **to the page after the letter, which is marked**  
15 **3229, and it's a fax cover sheet.**  
16 A. (Complies).  
17 **Q. Your message says, "Included is some**  
18 **additional information on our program." Do you**  
19 **know if this fax cover sheet goes with the letter,**  
20 **or the fax is sometime after?**  
21 A. No way to tell.  
22 **Q. Do you know if, looking at the**  
23 **information that comes after the fax cover sheet,**  
24 **that was the package that you were -- or the**  
25 **additional information you're referring to in the**

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1 **fax cover sheet?**  
2 A. It's possible.  
3 **Q. But you don't know?**  
4 A. I don't know.  
5 **Q. Are you done looking?**  
6 A. I am.  
7 **Q. If you would turn one page over, please,**  
8 **in the exhibit to 3230, which appears to be a**  
9 **letter dated 9/1/99, which is the same date as the**  
10 **fax cover sheet, a two page letter from you to**  
11 **Doug Smith; do you recognize this letter?**  
12 A. I do.  
13 **Q. Do you recall sending this to Doug?**  
14 A. No, I don't.  
15 **Q. Do you have any idea -- The first line**  
16 **of the letter says, "The following is a copy of my**  
17 **form letter for your records." Do you recall if**  
18 **Doug asked to have that, or if it was your**  
19 **practice to send it, or --**  
20 A. Not my practice usually, so I don't  
21 recall.  
22 **Q. Did Doug not receive this -- let me back**  
23 **up. I think earlier you testified, based on**  
24 **looking at an exhibit, that your initial letter**  
25 **went to Jim Scheiff?**



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1 A. Scheiff.  
 2 **Q. Is this document what would have been**  
 3 **your initial form letter that would be sent out as**  
 4 **the first solicitation of --**  
 5 A. Probably.  
 6 **Q. So it's likely that this was the first**  
 7 **letter that went to Mercy?**  
 8 A. Probably.  
 9 **Q. If you would look down into the third**  
 10 **paragraph actually, middle of the paragraph, "The**  
 11 **entire process is completed --" I assume that's**  
 12 **supposed to be "completely" -- "The entire process**  
 13 **is completed electronically with no need for a**  
 14 **patient application;" did I read that correctly?**  
 15 A. Yes.  
 16 **Q. What do you mean by -- What process are**  
 17 **you referring to there?**  
 18 A. That would be the process of sending the  
 19 files to CSI Financial for scoring and/or  
 20 approval.  
 21 **Q. Any other process?**  
 22 A. No.  
 23 **Q. A little bit further in that paragraph,**  
 24 **the sentence reads, "Our bank within three working**  
 25 **days will electronically transfer the funds to**

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1 **your accounts;" who are you referring to there?**  
 2 A. Our bank.  
 3 **Q. Who is "our bank"?**  
 4 A. First National Bank of Montana.  
 5 **Q. Are they named anywhere in this letter?**  
 6 A. I don't believe they are.  
 7 **Q. In the next paragraph down, the section**  
 8 **that is sort of -- probably highlighted on the**  
 9 **original, "Fast Trac pays you 92 cents on the**  
 10 **dollar for every qualified account;" did I read**  
 11 **that accurately?**  
 12 A. Yes.  
 13 **Q. Do you know what constitutes a qualified**  
 14 **account?**  
 15 A. One that would meet the scoring  
 16 criteria. One that would be accepted for  
 17 purchase.  
 18 **Q. But you don't know what the criteria is?**  
 19 A. I couldn't tell you exactly what the  
 20 criteria was at the time, or what Rob had set up  
 21 as the criteria, what the bank had told Rob that  
 22 the criteria would be. So no.  
 23 **Q. At the time of this letter, did you know**  
 24 **that criteria?**  
 25 A. No.

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1 **Q. Did you ever know the criteria?**  
 2 A. I knew generalities about the criteria  
 3 throughout my time at CSI Financial, and it would  
 4 fluctuate and change based on things set  
 5 internally, things set by the bank, credit scores.  
 6 Sometimes the hospitals would have us test  
 7 accounts with different criteria.  
 8 So to answer your question, the criteria  
 9 fluctuated. I always knew in generalities what  
 10 the criteria was, but the specifics that were  
 11 programmed into the computer, I didn't have  
 12 anything to do with that.  
 13 **Q. If you would turn the page to the next**  
 14 **paragraph beginning, "Accounts that are not**  
 15 **approved for Fast Trac (patient deceased,**  
 16 **incorrect social security number, extreme credit**  
 17 **problems) would continue to be handled as you do**  
 18 **now." The word "extreme" is italicized. What did**  
 19 **you mean by an "extreme credit problem" in this**  
 20 **letter?**  
 21 A. There's a range of beacon scores, and  
 22 you asked me what that was, and I don't know. But  
 23 based on criteria set by any financial  
 24 institution, they say, "Well, for this program,  
 25 this is an acceptable credit score. Below that

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1 would be an extreme credit problem." That credit  
 2 score and the ones above that would be acceptable  
 3 as an acceptable credit risk.  
 4 And what I was referring to was that  
 5 we're not going to take everything. Some people  
 6 just don't have credit good enough for even this  
 7 program to work for them.  
 8 **Q. I know that you didn't know what the**  
 9 **threshold score was. But are you saying that**  
 10 **anything less than that threshold was an extreme**  
 11 **credit problem?**  
 12 A. Yes.  
 13 **Q. Further on in that paragraph, "These**  
 14 **accounts will include full documentation of our**  
 15 **billing attempts, and are ready to outsource to**  
 16 **collections." Are you referring there to accounts**  
 17 **that are being returned?**  
 18 A. Yes.  
 19 **Q. And recourse --**  
 20 A. Yes.  
 21 **Q. Let me back up. Do you understand that**  
 22 **this program had two different means of returning**  
 23 **accounts to --**  
 24 A. (Nods head).  
 25 **Q. Is that a yes?**